



October 5, 2009

Dear Kitchen Cabinet members,

I was in Olympia several days last week for what is known as “Committee Assembly.” Legislators gather for three days in October and again in December to hold committee meetings and receive reports from state agencies, subcommittees and task forces that were initiated during the previous legislative session. While I’ve been busy working here, there are several things that have come to my attention which I’d like to share with you. **Issues on which I’m working have “exploded” into the news across the state.**

STATE BUDGET: It’s time to get creative...

Prison closure article a bit premature

An article in the [Seattle Times](#) and another in the [News Tribune](#) last week implied that the state has already decided it’s going to close two prisons, and are now considering which two to close. The article quotes Department of Corrections Secretary Eldon Vail as saying that something has to be shut down, and notes that more than 8,000 offenders previously on community supervision have been released. To put this in perspective, the state typically releases about 8,000 offenders in a whole year.

I’ve learned from staff at the Office of Financial Management that no such decision has been made. **In fact, the independent agency which is studying the feasibility of closing state prisons won’t even make a report to the Legislature until early November.** When they do, OFM tells me that report will not recommend the closure of any specific prison. It will



simply state the case for and against the closure of each one of DOC's correctional facilities, laying out the "what would happen if" scenarios for each, and I look forward to reading that report next month. I continue to believe that the McNeil Island closure is off the table.

State budget "cuts" don't result in expected savings

In the 2009 session, I worked with Democrat Senator Jim Hargrove to amend [Senate Bill 5288](#), which reduced supervision of offenders, to make it stronger. Unfortunately many of the positive changes we made to the bill were stripped out in the House before the bill passed. In Thursday's Senate Ways and Means Committee hearing, I learned that some of the savings the state expected to see as a result of that bill have not materialized.

In fact, more of the individuals who were released from supervision have committed new felony crimes because they aren't being supervised after release. New data suggests that the savings from SB 5288 are between 15% and 20% lower than initially expected. Prison incarceration rates are expected to rise in the next few years, so prison costs will rise too.

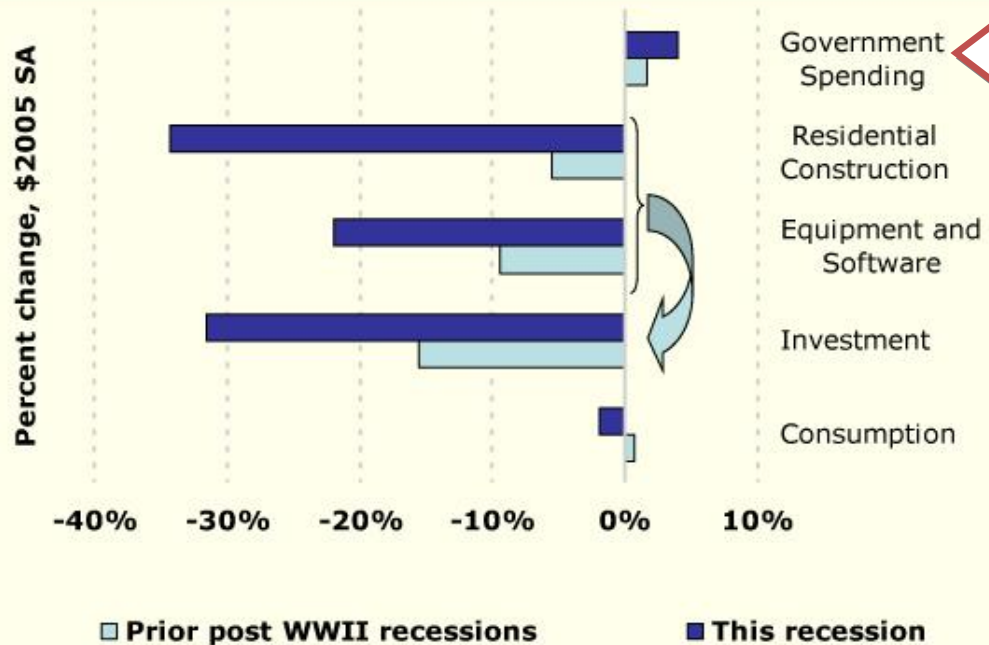
Federal government spending grows while the economy shrinks

Despite the assumption that Washington will come out of the nationwide recession faster than other states, it's beginning to look like we too will remain in this deep budget hole longer than expected. Printing more money at the federal level is lowering the value of the dollar. Those countries that resisted the urge to print and spend their way out of the recession are now seeing positive economic growth. What I found very telling is in the graph below, where you can see the average of all post-war recessions compared to this recession. As you can see, the only increases are government spending.



This recession has seen the sharpest drop in both consumption and investment

Peak to trough decline in GDP components



NOTE

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Source: BEA, NBER, ERFC; data through 2009Q2

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When you look at residential construction, for example, the average of post-war recessions is around -5% while this recession is closer to -35%, which is seven times greater. You can also see the arrow pointing from residential construction and equipment and software to investment, showing that in order to stimulate the latter, the former has to grow. **To me, that shows that our state will be facing tough times for a bit longer.**

State banks failing at a higher rate than federal banks

From the graph below, you can also see the amount and type of banks that fail. State chartered banks in our state, shown in the dark blue bar, have been experiencing a faster deterioration of their assets than national banks, shown in the light blue bar. The failure of Venture Bank in DuPont recently isn't the last of the banks that will fail during this recession. There's no reason to believe that 2010 will see much improvement in the situation.

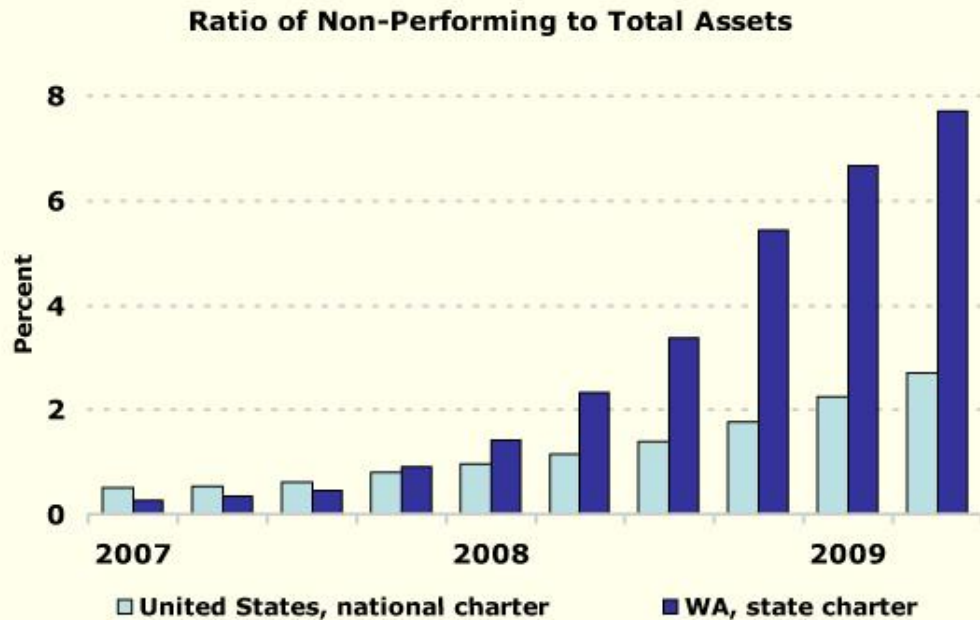


State chartered banks in Washington have experienced faster deterioration in asset quality than national banks

This is generally true for state chartered banks in other states as well

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Not all news is bad, however. One of the reasons our state may improve sooner than others is that we are a significant exporter of goods worldwide. With the devalued dollar and our country in a recession, other countries who have recovered faster than ours are being enticed to buy our products in greater amounts. That means that exports will increase, stimulating our state economy.

State's financial problems impact local government too

When the state supervises fewer released offenders, it results in **greater budget problems for local governments**. While prisons make up a small portion of the state budget, public safety makes up a huge portion of county budgets in Washington (see the graph below). The reductions made by the state in that area will put an incredible strain on counties. **To put it**

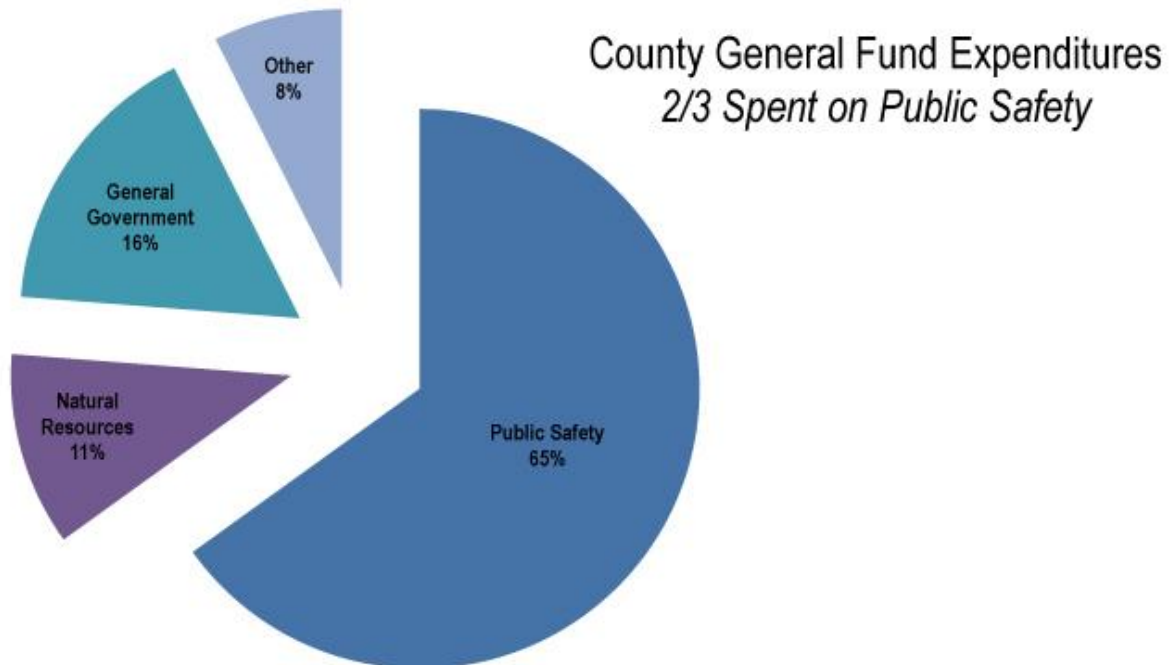
another way, if counties have more unsupervised criminals, crime will increase and that will be reflected in more local arrests and prosecutions.



County Finances Overview - Expenditures -



Helping counties improve their capacity to serve their citizens.



Data Type & Source: Expenditures – General Fund / State Auditor's Office (LGFRS) - 2008

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The answer isn't more taxes

These state criminal justice budget cuts and their effects upon local government resulted in the counties asking the Legislature for the ability to impose new taxes on their residents last week. This something the state should NOT agree to do, especially with times as tough as they are now. What the Legislature should do is to creatively help local governments cut their costs.

Time to get creative

In the past, I've suggested that the state authorize the counties to use bounty hunters, who work for bail bond companies, to track down people who have failed to appear in court or to

pay fines like speeding tickets. Bounty hunters can track down these individuals that the police don't have the time to find. Giving counties the ability to contract with these bounty hunters releases their police force to concentrate on dangerous criminals.

DSHS reports initial findings in Eastern Washington mental patient escape

At a news conference last Friday, the Department of Social and Health Services Secretary Susan Dreyfus announced the latest in their investigation into how an “insane killer” escaped from Eastern State hospital in Spokane after being taken to the county fair on a field trip. **Apparently, outings to the fair and other places by the criminally insane had become fairly commonplace and complacency overwhelmed the culture at Eastern State hospital.** (Fortunately, this isn't true at Western State hospital.)

Secretary Dreyfus announced the creation of an independent safety review panel which will look at current law and see where changes can and should be made to focus on reintroducing the mentally ill into the community.

One interesting note is that Lakewood Police Chief Bret Farrar has been appointed to the panel. The panel will be reviewing the initial findings announced Friday, all hospital security policies and security policies regarding community excursions.

Support grows for “Guilty and Mentally Ill” legislation

Toward the end of the news conference, a reporter specifically asked the secretary if she and the governor would support a third option in the court system of “guilty and mentally ill,” which as you know is a bill I proposed last session and will be introducing again in 2010. Secretary Dreyfus indicated that the panel will likely examine that question, but noted that the Legislature is the appropriate place for that conversation to take place.

The secretary ended the conference by pointing out that 1 in 4 Washington families is affected by mental illness, and expressed her hope that this incident doesn't further stigmatize people with mental illnesses. I agree with her, since thousands of mentally ill individuals pose no threat to the community.

Last Friday, [I had an editorial in the Tacoma News Tribune](#) which explains in greater detail my "Guilty and Mentally Ill" proposal, and the editorial board at the TNT opined in favor of it as well with [their own editorial in Sunday's paper](#). **I look forward to continuing my work on this bill, and keeping you informed on its progress this session.**

In closing...

If you know someone in our district who might be interested in receiving these updates, please feel free to forward this e-mail to him or her.

As always, if you'd like to contact me you can write, phone, e-mail, or stop by my Olympia office. I look forward to your comments and suggestions because they help me better represent you. My office phone number is (360) 786-7654, and my home phone number is (253) 581-2859. Or you can write me at **102 Irv Newhouse Building, P.O. Box 40428, Olympia, WA 98504-0428.**



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Sincerely,

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28th District State Senator